



Serving the People of California

TAX GUIDE FOR CALIFORNIA EMPLOYERS OF HOUSEHOLD WORKERS

JANUARY
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HOUSEHOLD EMPLOYER'S GUIDE

EMPLOYMENT TAX CUSTOMER SERVICE OFFICES (ETCSOs)

The ETCSOs are located throughout California to provide services to the employer community at the local level.

You may contact or visit your local ETCSO for advice regarding your responsibilities as an employer related to the taxes for Unemployment Insurance, Employment Training, State Disability Insurance, and California Personal Income Tax withholding.

We can also assist you with forms and the filing of required reports. In addition, **Employment Tax Seminars** are provided on an as needed basis to help you understand your rights and responsibilities as an employer.

OUT-OF-STATE EMPLOYERS, contact:

Sacramento..... 11093 Sun Center Drive, Suite 100, Rancho Cordova, 95670-6109 Telephone (916) 464-3502
.....Fax (916) 464-3504

IN-STATE EMPLOYERS, contact the ETCSO nearest you:

City	Address	Telephone	FAX
Bakersfield	1800 30 th Street, Suite 390, 93301	(805) 395-2896	(805) 395-2563
Downey	8280 Florence Avenue, 90240	(562) 923-1237	(562) 904-2843
Escondido	240 West 2nd Avenue, 92025	(760) 737-2200	(760) 737-2228
Eureka	409 "K" Street, Suite 202, 95501	(707) 445-6522	(707) 441-5738
Fresno	1050 "O" Street, 93721	(209) 445-5132	(209) 445-5151
Laguna Hills	23151 Plaza Point Drive, Suite 140, 92653	(714) 768-6102	(714) 855-5147
Long Beach	4300 Long Beach Boulevard, Suite 400, 90807	(562) 428-0021	(562) 422-6698
Monterey	1900 Garden Road, Suite 160, 93940	(408) 649-2902	(408) 655-8938
Oakland	7700 Edgewater Drive, Suite 100, 94621-3017	(510) 577-2396	(510) 577-7591
Orange	1855 West Katella Avenue, Suite 100, 92667	(714) 288-2601	(714) 288-2634
Sacramento	11093 Sun Center Drive, Suite 100, Rancho Cordova, 95670-6109	(916) 464-3502	(916) 464-3504
San Bernardino	464 West Fourth Street, 4 th Floor, 92401	(909) 383-4176	(909) 383-7900
San Diego	3110 Camino Del Rio South, Suite 100, 92108-3830	(619) 516-1920	(619) 516-1930
San Francisco	1825 Sacramento Street, Suite 401, 94109	(415) 929-5700	(415) 929-5746
San Jose	904 Ruff Drive, 95110	(408) 277-9400	(408) 277-9453
Santa Monica	914 Broadway, 90401	(310) 576-6400	(310) 395-6597
Santa Rosa	50 "D" Street, Room 415, 95404	(707) 576-2094	(707) 576-2601
Stockton	31 East Channel Street, Room 213, 95201-1890	(209) 956-1438	(209) 956-1453
Van Nuys	6150 Van Nuys Boulevard, Room 210, 91401-3384	(818) 901-5208	(818) 901-5605
Ventura	4820 McGrath Street, Suite 250, 93003	(805) 654-4506	(805) 677-2790
Visalia	3311 South Fairway Street, 93277-7777	(209) 635-3220	(209) 635-3235

At the following locations, customers will find self-service racks with tax forms, a mail drop, and a direct-line telephone to an ETCSO.

Capitola	2045 40th Avenue, Suite A, 95010	(408) 464-6293
Chico	1370 Ridgewood Drive, Suite 10, 95973	(530) 895-4401
El Monte	9537 Telstar Avenue, Suite 115, 91731-2907	(562) 923-1237
Los Angeles	4021 Rosewood Avenue, Suite 301, 90004-2932	(213) 669-7670
Marysville	511 12th Street, 95901	(530) 741-4020
Modesto	3340 Tully Road, Suite E-10, 95350-0851	(209) 576-6205
Pleasant Hill	3478 Buskirk Avenue, Suite 215, 94523-4345	(510) 977-8265
Redding	2400 Washington Avenue, Suite 400, 96001-2002	(530) 225-2205
Riverside	1180 Palmyrita Avenue, Suite B, 92507	(909) 383-4176
San Luis Obispo	3220 South Higuera Street, Suite 102, 93401-6959	(805) 549-3512
San Mateo	951 Mariner's Island Boulevard, Suite 310, 94404	(650) 358-4102
Vallejo	1440 Marin Street, 94590	(707) 648-4040

Hearing-impaired persons can reach EDD by calling (800) 753-2929.

All EDD offices are open Monday through Friday from 8 a.m. until 5 p.m. Offices are closed on state holidays.

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WHEN YOU MUST REGISTER AS AN EMPLOYER

You must register with the Employment Development Department (EDD) as an employer for California payroll tax purposes when:

- **You pay cash wages totaling \$750 to \$999.99** in one calendar quarter to people who work as your employees in or around your home. You are required to withhold State Disability Insurance (SDI) from your employees' wages and send the payments to EDD. You are also required to report employee wages subject to Personal Income Tax (PIT), even if you do not withhold PIT from your employees' wages.
- **You pay cash wages totaling \$1,000 or more** in one calendar quarter to people who work as your employees in or around your home. You are required to send payments for SDI, Unemployment Insurance (UI), and Employment Training Tax (ETT) to EDD. You are also required to report employee wages subject to UI and PIT, even if you do not withhold PIT from your employees' wages.

The calendar quarters in a year are defined as:

QUARTER

1st quarter
2nd quarter
3rd quarter
4th quarter

MONTHS OF THE QUARTER

January, February, March
April, May, June
July, August, September
October, November, December

Wages are defined as: (1) checks and currency; or (2) non-cash payments (for example, meals and lodging provided to people who work for you). Please see "What Are Wages?" on page 13.

Your home may be defined as:

- | | |
|---------------------------|---|
| ■ a house | ■ a local college club |
| ■ an apartment | ■ a local chapter of a college fraternity or sorority |
| ■ a mobile home or boat | ■ a hotel room (when the worker is employed by you and not the hotel) |
| ■ a summer or winter home | |
| ■ a condominium | |

A guideline of who should be considered household employees can be found on page 7.

The following are some examples of when you must pay employment taxes:

- You pay \$700 in wages in a calendar quarter and provide meals and lodging valued at \$149. The value of meals and lodging is not considered in reaching the \$750 cash wage limit for SDI. You would not be liable for any payroll taxes.

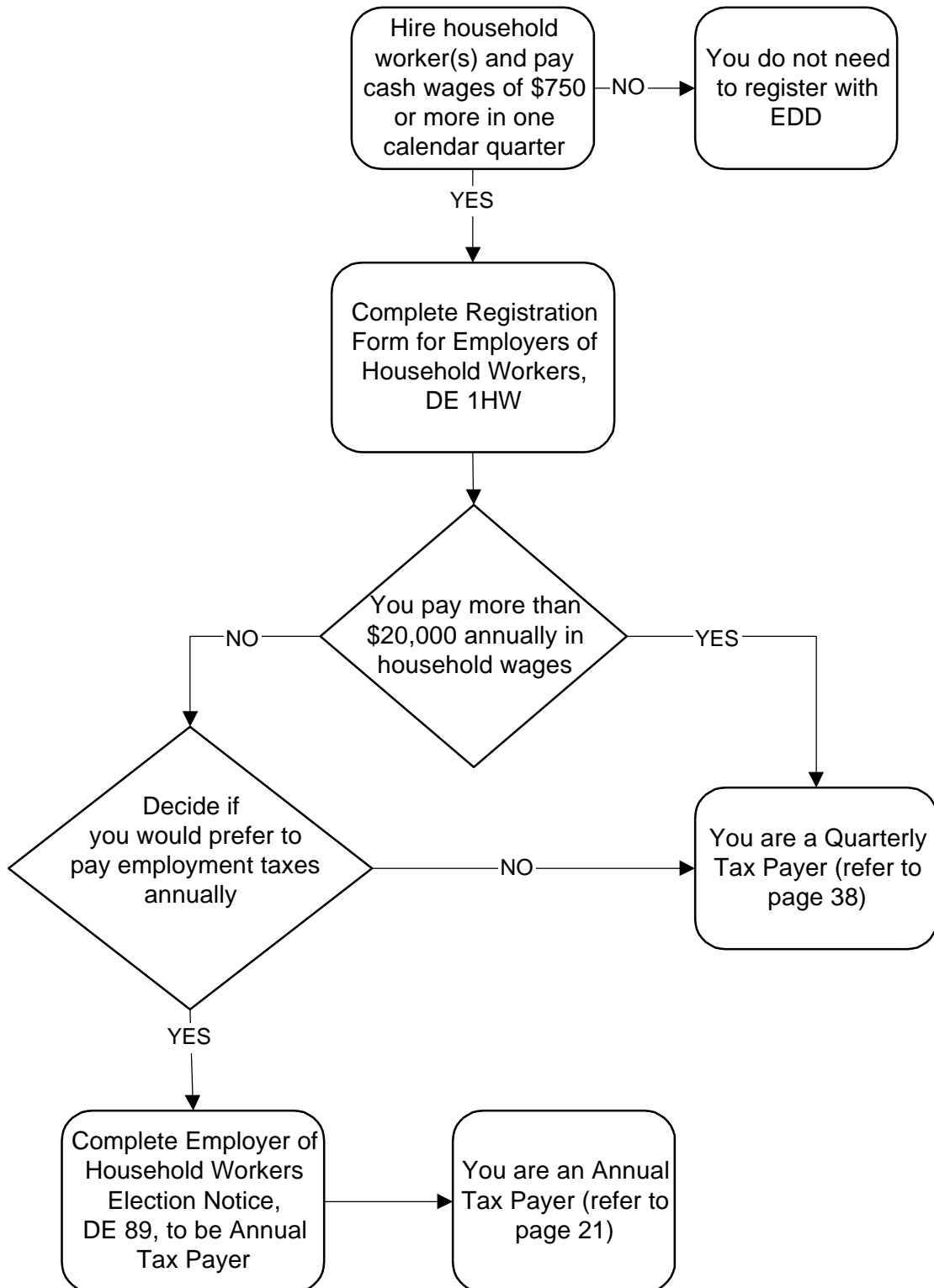
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- You pay \$750 in wages in a calendar quarter and provide meals valued at \$75. The SDI tax is paid on the entire \$825. The wages are subject to SDI only since the UI and ETT cash wage limit of \$1,000 in a quarter has not been met.
- You pay \$900 in wages in a calendar quarter and provide meals and lodging valued at \$100. The SDI tax is paid on the entire \$1,000. However, you would not be liable for UI and ETT taxes because the \$1,000 cash wage limit has not been met.
- You pay \$900 in wages in a calendar quarter. You must report employee wages and pay SDI taxes on \$900. Later in the quarter, you hire another employee to whom you pay \$100. You have now met the \$1,000 cash wage limit and must report employee wages and pay UI and ETT taxes, along with the SDI taxes, on the entire \$1,000.
- You pay \$1,000 in wages in a calendar quarter and provide meals and lodging valued at \$100. The UI, ETT, and SDI taxes are paid on the entire \$1,100.

Even if you do not think you are an employer, we suggest you keep records for eight years of monies paid to people who work in or around your home. This will make it easier for you if a state or federal government agency asks to look at your records. A sample Employee Earnings Record is on page 12.

If you are still uncertain about whether or not the people who work for you are household employees, please contact your nearest Employment Tax Customer Service Office (ETCSO). A list of the ETCSOs can be found on page 1.

HOUSEHOLD EMPLOYER REGISTRATION (FLOWCHART)



WHO ARE HOUSEHOLD EMPLOYEES?

THESE <u>ARE</u> * HOUSEHOLD EMPLOYEES	THESE ARE <u>NOT</u> HOUSEHOLD EMPLOYEES
<ul style="list-style-type: none">- Babysitters- Butlers- Caretakers- Chauffeurs- Cooks- Crews of Private Yachts- Furnacepersons- Gardeners- Governess/Governors- Handyperson- Home Health Care Workers- Housekeepers- Janitors- Laundry Workers- Maids- Pilots of Private Airplanes for Family Use- Valets- Waiters/Waitresses	<ul style="list-style-type: none">- Carpenters- Electricians- Librarians- Musicians- Nursing Registry- Employee Leasing Service- Painters- Plumbers- Private Secretaries- Tutors- Your Child (under 18 years old)**- Your Parent**- Your Spouse**- Household services provided by independent businesses (for example: a janitorial service, catering service, or gardening service)

* This list is **NOT** intended to be a complete list of household employees. Please call your nearest ETC SO if you have any questions regarding this list. A list of ETC SO telephone numbers can be found on page 1.

**Under certain conditions, your child (under 18 years old), parent, or spouse is an employee. Please contact your nearest ETC SO for help in making this determination. A list of the ETC SOs can be found on page 1.

HOW TO REGISTER AS AN EMPLOYER

To register with EDD, you need to complete a Registration Form for Employers of Household Workers (DE 1HW). The EDD will provide you with an eight-digit employer account number (for example: 000-0000-0). This number will be on all the preprinted forms sent to you. Our staff will be able to serve you better if you have your account number ready when you call or visit our offices. Please refer to your account number when you call or write EDD.

There are three ways to register with EDD:

1. TELE-REG Service
2. Fax
3. Mail

You may use the TELE-REG Service and receive your employer account number immediately. However, employers who use the TELE-REG Service or fax service must also complete and mail a registration form to EDD for our files. If you need a registration form, please call (916) 654-7041. You may mail your completed registration form to EDD at the following address:

Employment Development Department
Tax Status and Exam Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001

OR

Fax: (916) 654-9211

TELE-REG service: (916) 654-7041

A completed sample form and instructions are on the following page.

HOUSEHOLD EMPLOYER'S GUIDE

Following is a sample completed form and instructions for completing the form:



Serving the People of California

This form will be the basic record of your ACCOUNT. **DO NOT FILE THIS FORM UNTIL YOU HAVE PAID WAGES OF \$750.** Please read the **INSTRUCTIONS** below before completing this form. **PLEASE PRINT OR TYPE.** If you are an agency providing household workers for clients you must file a DE 1 Registration Form. Return this form to:

EMPLOYMENT DEVELOPMENT DEPARTMENT
TAX STATUS AND EXAM GROUP MIC 28
P.O. BOX 826880
SACRAMENTO, CA 94280-0001
(916) 654-7041

DE 1HW REGISTRATION FORM FOR EMPLOYERS OF HOUSEHOLD WORKERS

DEPT
USE

ACCOUNT NUMBER				QUARTER	ETDO	FED CODE	05	ON-LINE PROCESS DATE	TAS CODE

A. EMPLOYER NAME(S)		SOCIAL SECURITY NUMBER		DRIVER'S LICENSE NUMBER	
Ima Homemaker		123-45-6789		Z1234567	
B. MAILING ADDRESS P.O. Box or Street and Number		CITY OR TOWN		STATE	
P.O. Box 12345		Homestead		CA	
IN CARE OF:		C. EMPLOYEE WORK SITE ADDRESS		ZIP CODE	
None		123 Myhouse Street, Homestead, CA		12345	
D. TYPE OF ORGANIZATION:		FEDERAL I.D. Number		Applied for	
INDIVIDUAL <input checked="" type="checkbox"/>		CORPORATION <input type="checkbox"/>		OTHER <input type="checkbox"/>	
E. INDICATE QUARTER AND YEAR IN WHICH YOU FIRST PAID \$750 BUT NOT MORE THAN \$999 IN CASH WAGES:					Number of Employees
<input type="checkbox"/> Jan.-Mar. 19 <input type="checkbox"/> Apr.-June 19 <input type="checkbox"/> July-Sept. 19 <input checked="" type="checkbox"/> Oct.-Dec. 1993 <input type="checkbox"/> NONE					1
F. INDICATE QUARTER AND YEAR IN WHICH YOU FIRST PAID \$1000 OR MORE IN CASH WAGES:					Number of Employees
<input type="checkbox"/> Jan.-Mar. 19 <input type="checkbox"/> Apr.-June 19 <input type="checkbox"/> July-Sept. 19 <input checked="" type="checkbox"/> Oct.-Dec. 1993 <input type="checkbox"/> NONE					1
G. HAVE YOU OR WILL YOU WITHHOLD STATE PERSONAL INCOME TAX FROM ANY EMPLOYEE WAGES? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES					
H. HAVE YOU EVER BEEN REGISTERED WITH THIS DEPARTMENT?		IF YES, ENTER EMPLOYER ACCOUNT NUMBER, BUSINESS NAME AND ADDRESS			
<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES		ACCOUNT NUMBER: 123-4567-8 BUSINESS NAME: Ima Homemaker ADDRESS: P.O. Box 12345 Homestead, CA			
I. DECLARATION					
These statements are hereby declared to be correct to the best knowledge and belief of the undersigned.					
Signature <u>Ima Homemaker</u>		Date <u>11-15-93</u>		Residence Phone <u>(123) 456-7890</u>	
Title <u>Owner</u>		Address <u>123 Myhouse Street</u>		City <u>Homestead</u> State <u>CA</u> ZIP Code <u>12345-1234</u>	
(Owner, Partner, Officer, etc.)		Street		City State ZIP Code	

HOUSEHOLD EMPLOYER'S GUIDE

Instructions: You must fill out this form to register with EDD **within 15 days of employing and paying household workers cash wages totaling \$750** or more in any calendar quarter. Complete all sections as follows:

- A. Enter full name, Social Security Number, and driver's license number of the employer(s) of the household worker(s).
- B. Enter the address where EDD correspondence and forms should be sent.
- C. Enter address where household worker performs duties if different than mailing address. Enter name of the county where work is performed.
- D. Check the appropriate box (if other, please specify). Enter federal identification number(s). If not assigned, enter "applied for."
- E. Check the appropriate box when you first paid **\$750** or more in cash wages. Enter total number of employees for the ownership.
- F. Check the appropriate box when you first paid **\$1000** or more in cash wages, or check none. Enter the total number of employees.
- G. Check the appropriate box.
- H. Check the "NO" or "YES" box and provide additional information for yes answers.
- I. This declaration must be signed by one of the persons listed in Item A.

We will notify you of your EDD account number by mail. To help you understand your tax withholding and filing responsibilities, you will be sent a **Household Employer's Guide, DE 8829**. You can also contact your nearest Employment Tax Customer Service Office (see directory on page 1 of this guide.)

DE 1HW Rev. 2 (5-95) State of California / Employment Development Department

WHAT PAYROLL RECORDS MUST BE KEPT?

If you have household employees, you are required by statute to keep payroll records for at least four complete years; however, EDD suggests that you keep payroll records for eight years. Each employee's payroll record must show:

1. Employee's name
2. Employee's Social Security Number
3. Date hired, rehired, or returned to work after a temporary layoff
4. Date separated
5. Place of work
6. Show each of the following items separately:
 - **Cash Wages**
 - **Non-cash Wages:** like meals and lodging (use the Values of Meals and Lodging Tables on page 13).
 - **Personal Income Tax (PIT) Wages:** defined as wages subject to state income taxes, even if you do not withhold PIT from your employee's wages. For additional information regarding PIT wages, refer to Information Sheet (DE 231 PH) Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers. To order a DE 231 PH, or if you have questions regarding the wages and PIT withholdings for your employee(s), please contact your nearest Employment Tax Customer Service Office listed on page 1.
 - **Employee Taxes:** Federal Social Security and Medicare, State Disability Insurance, and California Personal Income Tax

A sample Payroll Earnings Record is on page 12.

HOUSEHOLD EMPLOYER'S GUIDE

EMPLOYEE EARNINGS RECORD

Employee's
Name: _____

Date Hired/Rehired/
Returned to Work from
Layoff: _____

Social
Security
Number: _____

Date Separated: _____

For Year Ending: _____

Date Paid	Cash Wages Earned	Non-cash Wages Earned	Total Wages Earned (Cash + Non- Cash Wages)	WITHHOLDINGS				Net Wages (Total. Wages - Withholdings)
				SDI	PIT (Optional)	Social Security	Medicare	
Year Totals								

Employer's
Name: _____

Reason for Separation:

Address: _____

WHAT ARE WAGES?

Wages are payments made to employees for personal services. Wages include all money, food, lodging, or other goods and services provided to an employee as payment for personal services.

Neither the method of payment nor the type of employee changes the taxability of wages paid to employees. Wages may be paid by the day, by the hour, or by "piece rate," etc. An employee can be hired on a full-time, part-time, casual, or temporary basis.

VALUES OF MEALS AND LODGING TABLES:

When meals and/or lodging are provided to an employee, the employee is receiving a form of payment. Please use the following tables to determine the value of the meals and/or lodging you provide to your employees.

Statutory Values of Meals Table:

Year	3 Meals per day	Breakfast	Lunch	Dinner	Unidentified
1994	\$ 6.60	\$ 1.45	\$ 2.00	\$ 3.15	\$ 2.30
1995	\$ 6.75	\$ 1.45	\$ 2.05	\$ 3.25	\$ 2.35
1996	\$ 6.90	\$ 1.50	\$ 2.10	\$ 3.30	\$ 2.40
1997	\$ 7.10	\$ 1.55	\$ 2.15	\$ 3.40	\$ 2.45
1998	\$ 7.35	\$ 1.60	\$ 2.25	\$ 3.50	\$ 2.55

Statutory Values of Lodging Table - With Maximum and Minimum Ranges

Multiply the amount you could rent the property for (ordinary rental value) by 66 2/3 %. Ordinary rental value may be calculated on a monthly or weekly basis as follows:

Year	Maximum Per Month	Minimum Per Week
1994	\$ 655	\$ 21.25
1995	\$ 659	\$ 21.35
1996	\$ 662	\$ 21.45
1997	\$ 666	\$ 21.60
1998	\$ 681	\$ 22.10

Please contact your local ETCSO (see directory on page 1) if you need assistance.

WHAT ARE EMPLOYMENT TAXES?

EMPLOYMENT TAX CHART				
EMPLOYMENT TAX	WHO PAYS	TAXABLE WAGES	TAX RATES	MAXIMUM TAX
UNEMPLOYMENT INSURANCE (UI)	Employer	Tax calculated on the first \$7,000 of wages per employee, per year.	Changes each year are based on an employer's UI experience. EDD notifies employers of new rates each December. New employers pay at a rate of 3.4% for the first three tax years.	\$378 per employee, per year (calculated at the highest UI tax rate of 5.4%).
EMPLOYMENT TRAINING TAX (ETT)	Employer	Tax calculated on the first \$7,000 of wages per employee, per year.	Set by statute at 0.1 % of UI taxable wages.	\$7 per employee, per year.
STATE DISABILITY INSURANCE (SDI)	Employee (employer withholds SDI from employee wages; if the employer does not withhold SDI taxes, refer to page 15 for additional instructions).	Tax calculated on the first \$31,767 of wages per employee, per year.	Set by the State Legislature at 0.5 percent of SDI taxable wages per employee, per year.	\$158.84 per employee, per year.
PERSONAL INCOME TAX (PIT)	Employee (Household employers are not required to withhold PIT from employee wages unless both the employer and employee agree to withhold the tax.)	Please order the California Employer's Guide (DE 44) by contacting your nearest ETC SO and refer to the, PIT withholding tables.	California PIT is withheld based on the employee's W-4 or DE 4.	No maximum.

What To Do If You Do Not Deduct SDI Taxes From Employee Wages

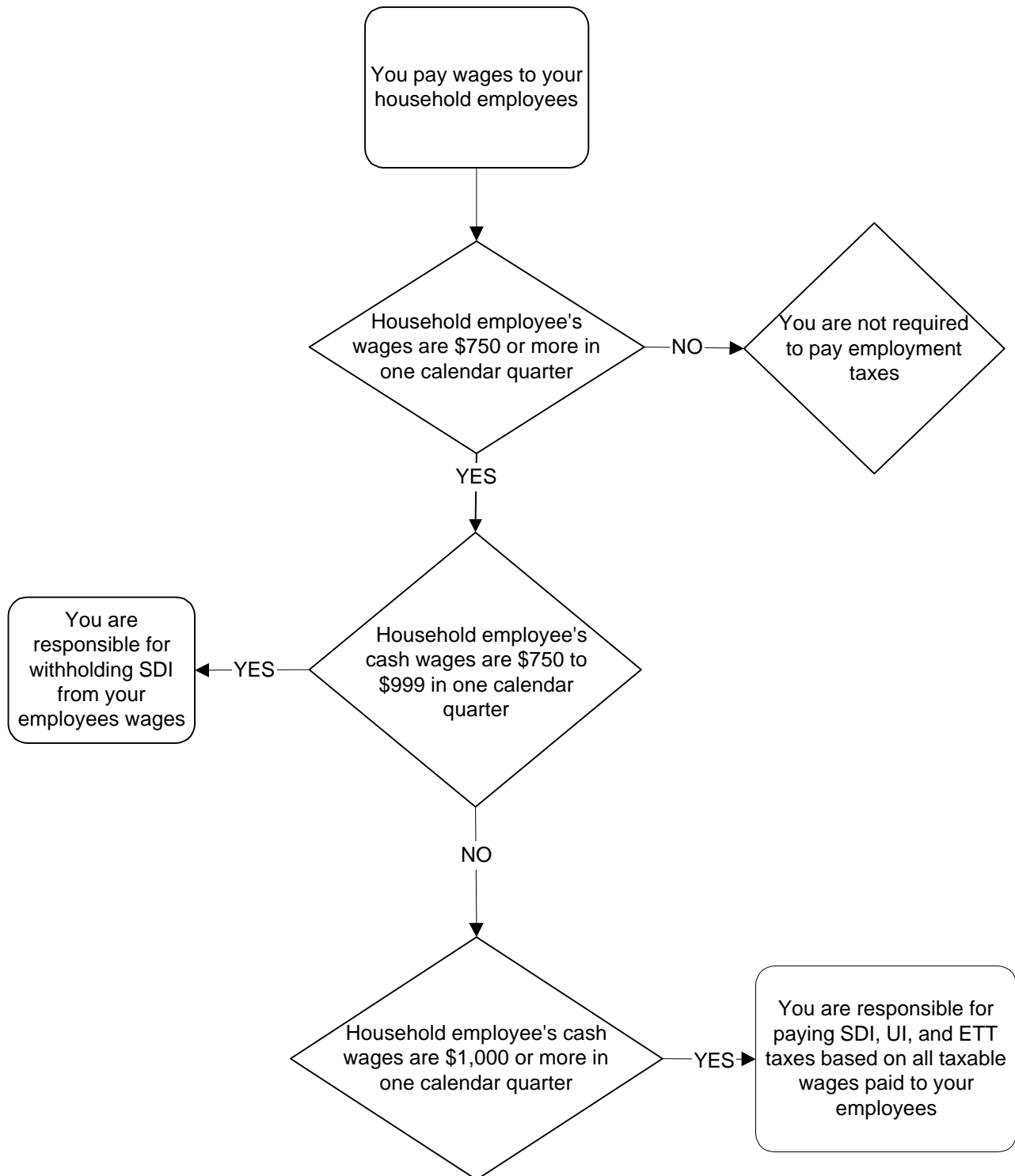
If you pay SDI taxes without deducting the amount of the taxes from your employees' wages, the amount of the SDI you paid is considered an increase to the employees' wages.

To determine the amount of additional wages for the SDI you paid without deduction from your employee's paycheck, multiply the total wages (cash and non-cash amounts) by 1.00502. This answer to this calculation is the employee's total subject wages and PIT wages.

EXAMPLE:

Total Quarterly Cash Wages	\$3,000.00
Meals and Lodging (see page 13)	<u>1,000.00</u>
TOTAL CASH AND NON-CASH WAGES)	\$4,000.00
	<u>x 1.00502</u>
Total Subject and PIT Wages	\$4,020.08

EMPLOYMENT TAXES (FLOWCHART)



TYPES OF HOUSEHOLD EMPLOYERS FOR REPORTING PURPOSES

The following table explains the two types of household employers and their requirements for filing payroll tax reports and payments:

PAYER TYPE	ANNUAL WAGE THRESHOLD	FORMS USED
<p><u>Annual Taxpayer:</u> Reports wages quarterly and pays taxes annually</p> <p>Please refer to page 21.</p>	<p>Pays household wages of \$20,000 or <u>less</u> annually</p>	<p>Registration Form for Employers of Household Workers (DE 1HW)</p> <p>Employer of Household Workers Election Notice (DE 89)</p> <p><u>Each Quarter:</u> Quarterly Report of Wages and Withholding for Employers of Household Workers (DE 3B HW)</p> <p><u>Each Year:</u> Annual Payroll Tax Return for Employer of Household Workers (DE 3HW)</p>
<p><u>Quarterly Taxpayer:</u> Reports wages and pays taxes quarterly</p> <p>Please refer to page 38.</p>	<p>Pays household wages that exceed \$20,000 annually</p> <p style="text-align: center;">OR</p> <p>Pays household wages of \$20,000 or less and chooses to report wages and pay employment taxes quarterly.</p>	<p>Registration Form for Employers of Household Workers (DE 1HW)</p> <p><u>Each Quarter:</u> Quarterly Wage and Withholding Report (DE 6)</p> <p>Payroll Tax Deposit Coupon (DE 88) quarterly</p> <p><u>Each Year:</u> Annual Reconciliation Return (DE 7)</p>

RESPONSIBILITY FOR THE NEW EMPLOYEE REGISTRY

Beginning July 1, 1998, federal law requires all employers report new employees to the New Employee Registry (NER) Program. Within 20 days of the start-to-work date, all employees newly hired, rehired, or returning to work from a furlough, separation, leave of absence without pay, or termination must be reported. The following table is a comparison of the existing NER requirements and the changes that will take place when the federal law is fully implemented:

REQUIREMENT	EXISTING CALIFORNIA NER	NER REQUIREMENTS EFFECTIVE JULY 1, 1998
Who must report	Employers in 17 industries	All employers
Report frequency	Within 30 days of hiring	Within 20 days of start-to-work date
Reporting exemptions	<ul style="list-style-type: none"> Workers under 18 years old Workers paid less than \$300 per month Employers with less than five employees 	None
Employee information to report	<ul style="list-style-type: none"> Employee's first initial Employee's last name Employee's social security number 	<ul style="list-style-type: none"> Employee's first name and middle initial Employee's last name Employee's social security number Employee's home address Employee's start-to-work date
Employer information to report	<ul style="list-style-type: none"> Employer's name Employer's address Employer's EDD account number 	<ul style="list-style-type: none"> Employer's name Employer's address Employer's EDD account number Employer's federal ID number

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Employers may use EDD form Report of New Employee(s), DE 34, a copy of the Internal Revenue Form Employee(s) Withholding Allowance Certificate (W-4) or their own report form. To obtain a DE 34, please contact your nearest Employment Tax Customer Service Office (see directory on page 1).

New employees must be reported to EDD using either FAX number (916) 653-5218 or sending your form to:

Employment Development Department
Data Capture Group, MIC 23
P.O. Box 997016
West Sacramento, CA 95799-7016

A prerecorded telephone message has been provided to answer common NER questions and may be reached by calling (916) 657-0529. At the end of the message, you may leave your name and telephone number and your call will be returned by the next business day.

The NER program assists California's Department of Social Services and Department of Justice in the collection of delinquent child support obligations. California has requested that employers report the start-to-work date for each newly hired employee so that the NER data can be matched to EDD's benefit payment file. This will result in the early detection and prevention of unemployment insurance fraud.

TELEFILING - A NEW SYSTEM FOR REPORTING EMPLOYEE WAGES

Beginning in March 1998, employers of household workers will have the option of using a new automated Telefile system to file their quarterly wage reports (Quarterly Report of Wages and Withholdings, DE 6 or Quarterly Report of Wages and Withholdings for Employer of Household Workers, DE 3B HW). The system will also allow filing of the Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) and payment of taxes via Electronic Funds Transfer (EFT). Eventually you will be able to file and pay your payroll tax deposits, Payroll Tax Deposit (DE 88) coupon, directly under Telefile.

This new system will use touch-tone and voice recognition technology to enable employers to file their returns by telephone. This filing option will not only reduce the amount of paperwork for both the employers and EDD, but will also post data directly to EDD's database eliminating data entry errors and providing faster access to account information should employers contact EDD with questions.

On May 1, 1998, this new Telefile system will replace the interim FONE-FILE system that was implemented on July 1, 1997. The interim FONE-FILE system will be turned off in May 1998.

If you have been filing your wage reports using FONE-FILE, you should register and transfer to the new Telefile system. If you do not register and transfer to the new system, you will have to return to filing quarterly wages by paper beginning July 1, 1998 (2nd quarter 1998).

All employers of household workers will receive an invitation to register for Telefile. Specific instructions for using the Telefile system will be available in March 1998. The Telefile system can be accessed by dialing 1-800-796-9330. This telephone number will not be activated until March 1998.

ANNUAL TAXPAYERS**OVERVIEW**

If total wages paid to your employee(s) are \$20,000 or less in one calendar year, you may elect to pay your payroll taxes to EDD once a year. Household employers must use one of the following methods to notify EDD that they elect to pay employment taxes once a year:

1. Registration Form For Employers of Household Workers (DE 1HW)

You may become an annual taxpayer when you register with EDD by checking the "YES" box in Item I of the Registration Form For Employers of Household Workers (DE 1HW). If you do not file this notice, you will be considered a quarterly tax filer even if you pay \$20,000 or less in wages. (A sample form is on page 9).

2. Employer of Household Workers Election Notice (DE 89)

You may complete the election notice and return it to EDD to become an annual taxpayer if you previously registered with EDD. If you did not check the "YES" box in Item I of the DE 1HW or file this notice, you will be considered a quarterly tax filer even if you pay \$20,000 or less in wages. (A sample form is on page 23).

Annual taxpayers must file four **quarterly wage and withholding** reports and one **payroll tax return** each year:

3. Quarterly Report of Wages and Withholdings for Employer of Household Workers (DE 3B HW) - (A completed sample form is on page 27.)

This form is due each quarter. The reporting periods and delinquency dates are shown in the following table:

REPORT PERIOD	1998 DELINQUENCY DATES
January, February, March	April 30, 1998
April, May, June	July 31, 1998
July, August, September	November 2, 1998
October, November, December	February 1, 1999

ANNUAL TAXPAYERS

4. Annual Payroll Tax Return for Employer of Household Workers
(DE 3HW) - (A completed sample form is on page 30.)

This form is due January 1 of the following year. For 1998, the DE 3HW is delinquent if postmarked after February 1, 1999.

Failure to meet the postmarked deadlines will result in penalty and interest being added to the amount due.

If your total wages exceed \$20,000 during the year, you must notify EDD immediately. The EDD will send you an Annual Payroll Tax Return for Employer of Household Workers (DE 3HW). You should complete the form for all prior quarters in 1998 and return it with your payroll tax payment. For the remainder of 1998, you will be a quarterly taxpayer (please refer to pages 37 and 38.)

HOUSEHOLD EMPLOYER'S GUIDE



Serving the People of California



State of California / Employment Development Department / P.O. Box 826880 Sacramento CA 94280-0001

John and Jane Smith
123 Maple Street
Anytown, CA 12345

Date: January 3, 1997

Account No. 123-4567-8

California law allows certain Employers of Household Workers the option to pay California employment taxes for their household employees annually instead of quarterly. To be eligible to elect this option, an employer must:

- Be registered with this department as an Employer of Household Workers.
- Have no delinquent taxes or returns due to the department.
- Intend to pay \$20,000 or less in wages per year to your household employees. (The sum of all subject wages, cash or non-cash, paid to all employees must be no more than \$20,000 per year.)
- Submit wage information to the department quarterly. The department will provide you with forms for this purpose.
- Complete the election form at the bottom of this document and return it to the address indicated. If approved, the election will be effective the first day of the quarter in which the election is filed.

If you need assistance, telephone the Tax Status and Examination Group at (916) 654-7041.

Please cut and return the bottom portion of this form to the address below.

You may also fax your election form to (916) 654-9211.

EMPLOYER OF HOUSEHOLD WORKER ELECTION

ACCOUNT: 123-4567-8

I am an employer of household workers and wish to elect to pay California employment taxes annually. I intend to pay no more than \$20,000 per year in wages to my workers. I understand that if I pay more than \$20,000 in a year, the election will be terminated and I will be required to file and pay all payroll taxes owed for the year at the end of the calendar quarter. I will also be required to file quarterly tax returns with payment for the remainder of the year. I will then need to file a new election to be eligible for this program in subsequent years in the future.

STATE OF CALIFORNIA
EMPLOYMENT DEVELOPMENT DEPARTMENT, MIC 28
P.O. BOX 826880
SACRAMENTO CA 94280-0001

Signature	Date
Jane Smith	123,456-7890
Print Name	Telephone Number

ANNUAL TAXPAYERS

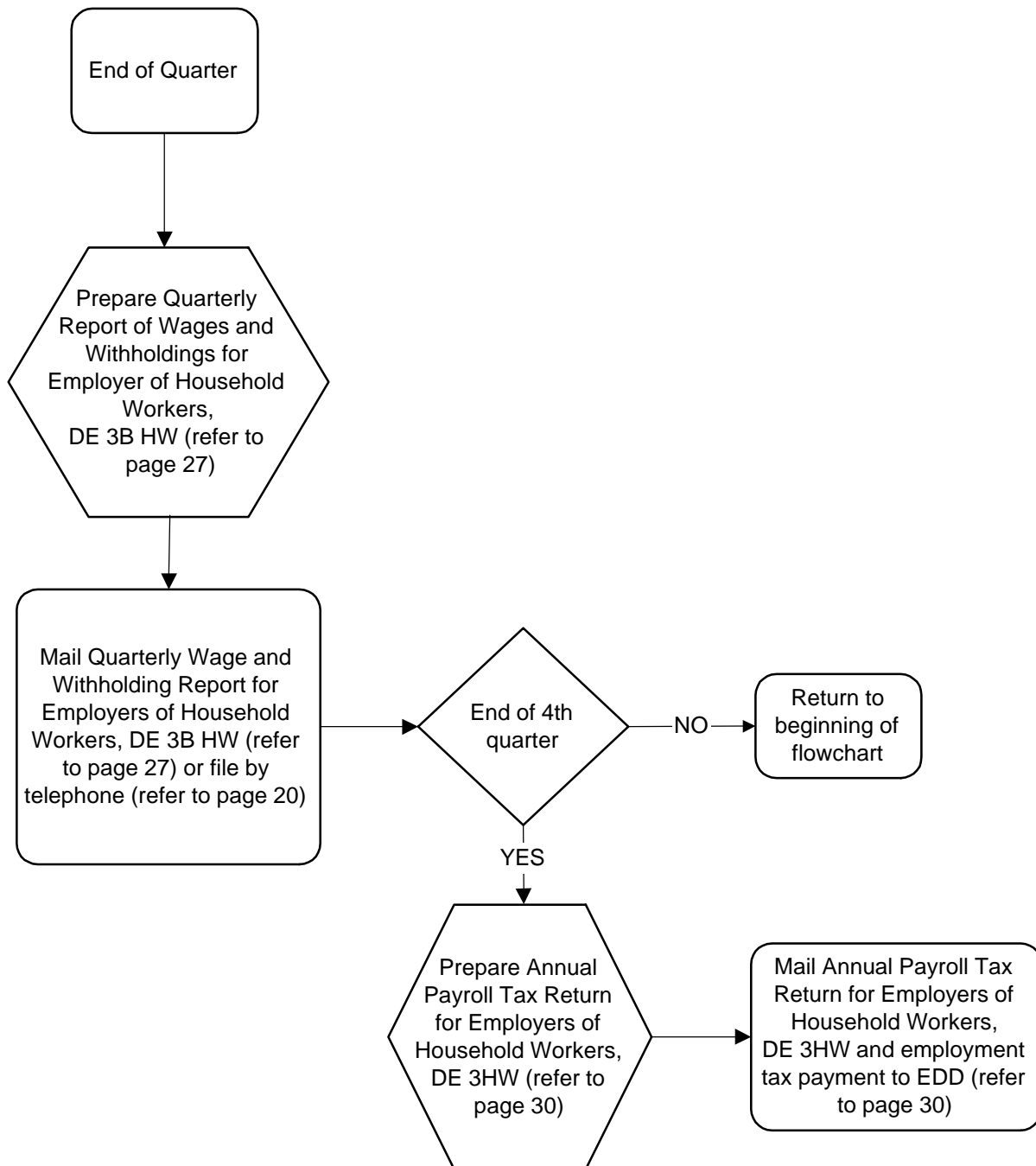
TAX RATE NOTICE

By December 31, 1998, you will receive the Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088) showing your SDI, UI, and ETT tax rates for 1999.

The tax rates and taxable wage limits will also be shown on the Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) sent to you by December 31 each year.

NOTE: UI tax rates are calculated on contributions paid before June 30 each year. Because your 1998 payroll taxes will not be received in time to be included in the calculation of your 1999 UI tax rate, they will be included in the calculation of your 2000 UI tax rate.

**WHEN TO PREPARE ANNUAL TAXPAYER
EMPLOYMENT TAX REPORTS
(FLOWCHART)**



ANNUAL TAXPAYERS

WHEN TO PREPARE THE QUARTERLY REPORT OF WAGES AND WITHHOLDINGS

Annual taxpayers will be sent a Quarterly Report of Wage and Withholding for Employer of Household Workers (DE 3B HW) to report employee wages each quarter. Not having a form is not good cause for filing your quarterly wage reports late. If your form is lost or damaged, or you have any questions about completing the form, please call your nearest Employment Tax Customer Service Office (listed on page 1).

A completed sample form and instructions to help you complete the form begin on page 27.

HOUSEHOLD EMPLOYER'S GUIDE



Serving the People of California

QUARTERLY REPORT OF WAGES AND WITHHOLDINGS FOR EMPLOYERS OF HOUSEHOLD WORKERS

APPROVED EXTENSION TO: _____

Instructions for completion are available on the back of this form.

PLEASE TYPE ALL INFORMATION

QUARTER ENDED June 30, 1997 DUE July 1, 1997

DELINQUENT IF
NOT POSTMARKED
OR RECEIVED BY July 31, 1997 YR 97 QTR 2

EMPLOYER ACCOUNT NO.
123-4567-8

John and Jane Smith
123 Maple Street
Anytown, CA 12345

DEPT. USE ONLY	DO NOT ALTER THIS AREA									
	P1	C	T	S	W	A				
	EFFECTIVE DATE						Mo.	Day	Yr.	WIC

A. NUMBER OF EMPLOYEES full-time and part-time who worked during or received pay subject to UI wages for payroll period which includes the 12th of the month.

B. ☐ No Payroll This Quarter

1ST MONTH	2ND MONTH	3RD MONTH
<u>2</u>	<u>2</u>	<u>2</u>

C. SOCIAL SECURITY NUMBER <u>123-45-6789</u>	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) <u>William A. Jones</u>	E. TOTAL SUBJECT WAGES <u>400.00</u>	F. PIT WAGES <u>400.00</u>	G. PIT WITHHELD <u>0.00</u>
C. SOCIAL SECURITY NUMBER <u>234-56-7891</u>	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) <u>Mary B. Jones</u>	E. TOTAL SUBJECT WAGES <u>450.00</u>	F. PIT WAGES <u>450.00</u>	G. PIT WITHHELD <u>0.00</u>
C. SOCIAL SECURITY NUMBER	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	E. TOTAL SUBJECT WAGES	F. PIT WAGES	G. PIT WITHHELD
C. SOCIAL SECURITY NUMBER	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	E. TOTAL SUBJECT WAGES	F. PIT WAGES	G. PIT WITHHELD
H. GRAND TOTAL SUBJECT WAGES <u>850.00</u>		I. GRAND TOTAL PIT WAGES <u>850.00</u>		J. GRAND TOTAL PIT WITHHELD <u>0.00</u>

K. I declare that the information herein is true and correct to the best of my knowledge and belief.

Signature John Smith Title Employer Phone (123)456-7890 Date 7-15-97
(Employer, Accountant, Preparer, etc.)

You have received this Report of Wages and Withholdings for Employers of Household Workers, DE 3B HW, in lieu of the Quarterly Wage and Withholding Report, DE 6, because you have elected to pay taxes for your Household Workers on an annual basis. This form will be mailed to you quarterly and an Annual Payroll Tax Return For Employer Of Household Workers, DE 3 HW, will be mailed to you in the fourth quarter. This annual process is only available to employers who pay \$20,000 or less in household wages during the calendar year. If your wage estimate is understated and you do pay more than \$20,000 in wages in the calendar year, please follow the instructions on the back of this form under the "QUESTION" topic.

You must file this report even if you had no payroll by marking Item B, and indicating "0" in each of the three boxes in Item A, and in the Grand Total Boxes, Items H, I, and J.

DE 3B HW Rev. 3 (1-97)

MAIL TO: State of California / Employment Development Department / P.O. Box 826221 / MIC 288 / Sacramento, CA 94280-0001

CU-TA333L

ANNUAL TAXPAYERS

**INSTRUCTIONS FOR QUARTERLY REPORT OF WAGES AND WITHHOLDINGS FOR
EMPLOYER OF HOUSEHOLD WORKERS (DE 3B HW)**

LINE ITEM INSTRUCTIONS

- A. For each of the three months in the quarter, enter the number of full-time and part-time employees who worked during or received pay subject to UI wages for the payroll period that includes the 12th day of each month. Blank boxes will be identified as missing information. If you had no employees for that period, please write "0" in the box that applies to the month(s) that you had no employees.
- B. If you had no payroll during the quarter, mark this box and enter "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items H, I, and J.
- C. List the Social Security Number (SSN) of each employee. If an employee does not have an SSN, report their wages without the number. You must take immediate steps to obtain an SSN for your employee.
- D. Enter the full first name, middle initial (if any), and last name of each employee to whom you paid wages for household employment.
- E. Enter the total amount of cash and non-cash wages paid (including cents) to each employee during the calendar quarter. Please do not use commas, dollars signs, or periods.
- F. Enter the amount of all wages (including cents) paid during the period that are subject to personal income tax (PIT), even if you do not withhold PIT. You must enter Total Subject Wages (Item E) and PIT wages even if they are the same.
- G. If you and your employee(s) voluntarily agree to withhold PIT, enter the amount (including cents) withheld from each employee's wages during the quarter.
- H. Enter the total of all employees' wages paid during the quarter for Item E.
- I. Enter the total of all employees' wages paid during the quarter that are subject to PIT for Item F.
- J. Enter the total PIT withheld from all employees in Item G.
- K. The person preparing this form or the person responsible for the information on this form must sign Item K. Include the person's title, telephone number, and the date the form is signed.

ANNUAL TAXPAYERS

WHEN TO PREPARE THE ANNUAL PAYROLL TAX RETURN

Annual taxpayers are sent an Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) to calculate and pay their payroll taxes. The return is due January 1 of each year. For 1998, the return is delinquent if postmarked after February 1, 1999. Not having a form is not good cause for filing your annual payroll tax return late. If your form is lost or damaged, or you have any questions about completing the form, please call your nearest Employment Tax Customer Service Office (see page 1).

A completed sample form and instructions to help you complete the form can be found beginning on page 30.

HOUSEHOLD EMPLOYER'S GUIDE



ANNUAL PAYROLL TAX RETURN FOR EMPLOYER OF HOUSEHOLD WORKERS

APPROVED EXTENSION TO: _____

PLEASE TYPE ALL INFORMATION

YEAR ENDED December 1997 DUE January 1, 1998

DELINQUENT IF
NOT POSTMARKED
OR RECEIVED BY February 2, 1998

YEAR
1997

123-4567-8
EMPLOYER ACCOUNT NO.

John and Jane Smith
123 Maple Street
Anytown, CA 12345

DEPT. USE ONLY	DO NOT ALTER THIS AREA									
	P1	P2	C	P	U	S	A			
	Mo.			Day			Yr.			
	EFFECTIVE DATE									

**DETAILED INSTRUCTIONS ARE
LOCATED ON THE BACK**

CHECK BOX
IF:

- ☐ NO WAGES THIS YEAR
☐ FINAL RETURN
☐ REVERT TO QUARTERLY REPORTING

A. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR	----->	<u>3600</u>									
B. EMPLOYER'S UNEMPLOYMENT INSURANCE (UI) TAXES (Total Employee Wages up to \$7,000 per employee per calendar year)	<table> <tr> <td>WAGES (B1) <u>3600</u></td> <td>X</td> <td>UI % (B2) <u>3.4</u></td> <td>=</td> <td>(B3) <u>122.40</u></td> </tr> <tr> <td colspan="5">(multiplied by)</td> </tr> </table>	WAGES (B1) <u>3600</u>	X	UI % (B2) <u>3.4</u>	=	(B3) <u>122.40</u>	(multiplied by)				
WAGES (B1) <u>3600</u>	X	UI % (B2) <u>3.4</u>	=	(B3) <u>122.40</u>							
(multiplied by)											
C. EMPLOYMENT TRAINING TAX (ETT) (Total Employee Wages up to \$7,000 per employee per calendar year)	<table> <tr> <td>WAGES (C1) <u>3600</u></td> <td>X</td> <td>ETT % (C2) <u>.1</u></td> <td>=</td> <td>(C3) <u>3.60</u></td> </tr> <tr> <td colspan="5">(multiplied by)</td> </tr> </table>	WAGES (C1) <u>3600</u>	X	ETT % (C2) <u>.1</u>	=	(C3) <u>3.60</u>	(multiplied by)				
WAGES (C1) <u>3600</u>	X	ETT % (C2) <u>.1</u>	=	(C3) <u>3.60</u>							
(multiplied by)											
D. EMPLOYEE STATE DISABILITY INSURANCE (SDI) TAXES (Total Employee Wages up to \$31,767 per employee per calendar year)	<table> <tr> <td>WAGES (D1) <u>3600</u></td> <td>X</td> <td>SDI % (D2) <u>.5</u></td> <td>=</td> <td>(D3) <u>18.00</u></td> </tr> <tr> <td colspan="5">(multiplied by)</td> </tr> </table>	WAGES (D1) <u>3600</u>	X	SDI % (D2) <u>.5</u>	=	(D3) <u>18.00</u>	(multiplied by)				
WAGES (D1) <u>3600</u>	X	SDI % (D2) <u>.5</u>	=	(D3) <u>18.00</u>							
(multiplied by)											
E. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD (Total PIT withheld per forms W-2)	----->	<u>0</u>									
F. TOTAL TAXES DUE (Add Items B3, C3, D3, and E)	----->	<u>144.00</u>									
G. LESS VOLUNTARY PREPAYMENT OF TAXES MADE DURING THE YEAR	----->	<u>0</u>									
H. BALANCE OF TOTAL TAXES DUE	----->	<u>144.00</u>									

INCLUDE EMPLOYER ACCOUNT NUMBER ON YOUR CHECK. Do not staple check to return.
Make check payable to EMPLOYMENT DEVELOPMENT DEPARTMENT

HELP US IMPROVE THE QUALITY OF OUR EMPLOYMENT TAX SERVICES. PLEASE RATE OUR CURRENT SERVICES BY ENTERING THE APPROPRIATE NUMBER IN THE BOX: 4 = EXCELLENT 3 = GOOD 2 = FAIR 1 = POOR

3

I. Be sure to sign this declaration: I declare that the information herein is true and correct to the best of my knowledge and belief.

Signature John and Jane Smith Title Employer Phone (123) 456-7890 Date 1-20-98
(Owner, Accountant, Preparer, etc.)

DE 3 HW Rev. 2 (10-96)

CU-TA213C

State of California / Employment Development Department / P.O. Box 826847 / Sacramento, CA 94247-0001

ANNUAL TAXPAYERS**INSTRUCTIONS FOR ANNUAL PAYROLL TAX RETURN FOR EMPLOYER OF HOUSEHOLD WORKERS (FORM DE 3HW)****LINE ITEM INSTRUCTIONS**

- A. Enter the total of all wages that you used when calculating Unemployment Insurance (UI)/State Disability Insurance (SDI) payments to EDD.
- B. The UI taxes are paid at the rate assigned to you on the first \$7,000 of cash and non-cash wages paid to each employee in 1998. Your UI tax rate will be given to you when you register with EDD. The UI tax rates are updated once each year.

If you pay cash wages of \$1,000 or more in one quarter to household workers, you must pay taxes for UI.

The UI tax amounts are paid by the employer and not withheld from your employees' wages. The following examples show how to compute UI taxes.

Example: Total UI taxable wages for the year are \$12,000 for 2 employees
The UI tax rate for this example is 3.4 percent (.034)

UI Taxable Wages	\$12,000
x UI tax Rate	x .034
UI Taxes Due	\$408

NOTE: The wages in lines "B" and "C" of your Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) should be the total wages on which you pay UI taxes. For example:

- If you paid UI taxes in 1997 and have a positive UI reserve account balance, you must pay UI taxes for all four quarters of 1998.
- The wages reported in lines "B" and "C" of the Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) would be the total cash and noncash wages for the quarter that you first paid cash wages of \$1,000 or more to your employees plus the wages for the remaining quarters in 1998.

NOTE:

1. The UI taxes must be paid on the first \$7,000 of all cash and non-cash payments, including meals and lodging. The Value of Meals and Lodging Table can be found on page 13.

HOUSEHOLD EMPLOYER'S GUIDE

2. If after paying \$1,000 (cash wages) in a quarter in 1997, you began to pay your employees less than \$1,000 in the following quarters, you must still continue to send UI tax payments to EDD through December 1998.
3. If after paying \$1,000 (cash wages) in a quarter in 1998, you begin to pay your employees less than \$1,000 in the following quarters, you must still continue to send UI tax payments to EDD through December 1999.

Box B1: Enter the total UI cash and non-cash wages up to \$7,000 per employee.

Box B2: UI Tax rate. (Example: 3.4 percent)

Box B3: Multiply Box B1 by Box B2 to find the total UI contribution due. Enter the UI contributions due in Box B3.

- C. Employment Training Tax (ETT) contributions are paid by employers on the first \$7,000 cash and non-cash wages paid to each employee during the calendar year. The ETT rate is 0.1 percent (.001).

If you pay cash wages of \$1,000 or more in one quarter to household workers, you must pay ETT. The following examples show how to compute ETT:

Example: Total ETT taxable wages for the year are \$12,000
The ETT rate for this example is 0.1 percent (.001)

ETT Taxable Wages	\$12,000
x ETT Rate	x .001
ETT Taxes Due	\$12

NOTE: The wages in lines "B" and "C" of your Annual Payroll Tax Return for Employer of Household Workers (DE 3 HW) should be the total wages on which you pay ETT. For example:

- If you paid ETT in 1997, you must pay ETT for all four quarters of 1998.
- The wages reported in lines "B" and "C" of the Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) would be the total wages for the quarter that you first paid \$1,000 or more to your employees plus the wages for the remaining quarters in 1998.

Box C1: Enter the total ETT cash and non-cash wages up to \$7,000 per employee.

Box C2: ETT rate. (Example 0.1 percent).

Box C3: Multiply Box C1 by Box C2 to find the total ETT due. Enter the ETT due in Box C3.

HOUSEHOLD EMPLOYER'S GUIDE

State Disability Insurance (SDI) taxes are deducted from each employee's pay and held by the employer until this annual payroll tax return is filed. The SDI tax is withheld at 0.5 percent (.005) on the first \$31,767 of cash and non-cash wages paid to each employee during the calendar year. **Since annual taxpayers are limited to \$20,000 or less total wages annually, your SDI taxable wages will be the same as total wages paid.** The following information will help you to compute your SDI taxes:

Example: An employer has two employees. Employee #1 is paid \$6,000, and Employee #2 is paid \$10,000 annually.

SDI Taxable Wages (paid on first \$31,767 of each employee's wages)

Employee #1	\$ 6,000
Employee #2	<u>10,000</u>
TOTAL TAXABLE WAGES	\$16,000

- Total SDI taxable wages for the year are \$16,000
- The SDI rate 0.5 percent (.005).

SDI Taxable Wages	\$16,000
x <u>SDI tax Rate</u>	x <u>.005</u>
SDI Taxes Due	\$80

NOTE:

1. The SDI withholding should be made on all cash and non-cash payments, for example, meals and lodging. The Values of Meals and Lodging Table can be found on page 13.
2. If after paying \$750 (cash wages) in a quarter in 1997, you began to pay your employee(s) less than \$750 in the following quarters, you must still continue to withhold SDI taxes from your employees' wages through December 1998. The withholdings for SDI must be sent to EDD.
3. If after paying \$750 (cash wages) in a quarter in 1998, you begin to pay your employee(s) less than \$750 in the following quarters, you must still continue to withhold SDI taxes from your employees' wages through December 1999. The withholdings for SDI must be sent to EDD.

Box D1: Enter the total cash and non-cash wages up to \$31,767 per employee (**annual taxpayers cannot pay more than \$20,000 in total wages per year even though the SDI taxable wage limit is 31,767 per employee.**)

HOUSEHOLD EMPLOYER'S GUIDE

Box D2: SDI tax rate (Example: 0.5 percent).

Box D3: Multiply Box D1 by Box D2 to find the total SDI taxes due. Enter the SDI withholdings due in Box D3.

- E. Personal Income Tax (PIT) withheld from employees' wages is used to satisfy your employees' yearly state income tax liability. As an employer of household workers, you ARE NOT REQUIRED to withhold PIT from employees' wages. However, you and your employees may voluntarily agree to withhold PIT. If PIT is withheld, enter the total amount as reported on Form W-2. This amount should agree with the total PIT withheld that you reported quarterly on your DE 3B HW.
- F. Enter the total of Boxes B3, C3, D3 and Line E.
- G. If voluntary PIT payments were made, please enter the total of the deposit(s).
- H. Subtract Line G from Line F to find the amount of total taxes due. Enter the amount on Line H.
- I. Sign and date the return.

NOTE:

1. A check for the amount shown on Line H, payable to EDD, must be mailed with the completed return to EDD using the address shown on the return.
2. For 1998, your payroll taxes and Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) are due January 1, 1999, and delinquent after February 1, 1999.

ANNUAL TAXPAYERS**1998 FILING AND DELINQUENCY DATES FOR ANNUAL TAXPAYERS**

Form	Filing Dates	Delinquent If Not Postmarked By
Quarterly Report of Wages and Withholdings for Employer of Household Workers (DE 3B HW)	Due April 1, 1998 , for January, February, March	April 30, 1998
	Due July 1, 1998 , for April, May, June	July 31, 1998
	Due October 1, 1998 , for July, August, September	November 2, 1998
	Due January 1, 1999 , for October, November, December	February 1, 1999
Annual Payroll Tax Return for Employer of Household Workers (DE 3HW)	January 1, 1999	February 1, 1999

If you cannot pay all or part of your taxes on time, you must still file the Annual Payroll Tax Return for Employer of Household Workers (DE 3HW). Penalty and interest will be charged on late payroll tax payments.

NOTE:

1. When your Quarterly Report of Wages and Withholdings for Employer of Household Workers (DE 3B HW) or Annual Payroll Tax Return for Employer of Household Workers (DE 3HW) is mailed to EDD, the postmark date is used to determine if your report is timely. When the last timely filing date falls on a Saturday, Sunday, or a holiday, the next business day is the last timely date.

HOUSEHOLD EMPLOYER'S GUIDE

2. The EDD will send you a notice for any quarter that a wage report is not received. For any quarter that you do not have wages to report, please check the "No Payroll" box on the front of the Quarterly Report of Wages and Withholdings for Employer of Household Workers and send the form to EDD. If you have any questions, please call your nearest Employment Tax Customer Service Office (see page 1).

ANNUAL TAXPAYERS

WHEN TO CHANGE FROM AN ANNUAL TAXPAYER TO A QUARTERLY TAXPAYER

If your total wages exceed \$20,000 during the year, you must notify EDD immediately. The EDD will send you an Annual Payroll Tax Return for Employer of Household Workers (DE 3HW). You should complete the form for all prior quarters in 1998 and return it with your payroll tax payment. For the remainder of 1998 you will be a quarterly taxpayer.

As a quarterly taxpayer, you will begin sending a Payroll Tax Deposit (DE 88) coupon along with employment tax payments to EDD at least on a quarterly basis. Each quarter, you will also complete a Quarterly Wage and Withholding Report (DE 6). An Annual Reconciliation Return (DE 7) must be filed for the quarters in 1998 that you are a quarterly taxpayer.

Please refer to "Quarterly Taxpayers" beginning on page 38. This section explains the responsibilities of a quarterly taxpayer. It also has completed sample forms and instructions for completing the forms required.

Please contact your local Employment Tax Customer Service Office for assistance, (see page 1).

QUARTERLY TAXPAYER

OVERVIEW

If your total wages paid to employee(s) are \$20,000 or more annually, or if you do not elect to become an Annual Taxpayer, you must file wage reports and pay taxes quarterly. You must also file an annual reconciliation of payroll taxes. The EDD will send you a Payroll Tax Deposit coupon booklet and other required forms in advance of the filing due dates.

As a quarterly taxpayer, you must complete the following forms:

1. Quarterly Wage and Withholding Report (DE 6)

A completed sample form and instructions are on page 49.

2. Payroll Tax Deposit (DE 88)

A completed sample form and instructions are on page 42.

These forms are due each quarter and must be postmarked by:

- April 30, 1998
- July 31, 1998
- November 2, 1998
- February 1, 1999

3. Annual Reconciliation Return (DE 7)

A completed sample form and instructions are on page 53.

This form is due only once a year. For 1998, the return must be postmarked by February 1, 1999.

Failure to meet the postmark deadlines will result in penalty and interest being added to the amount due.

QUARTERLY TAXPAYER

TAX RATE NOTICE

By December 31, 1998, you will receive the Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088) showing your SDI, UI, and ETT tax rates for 1999.

The tax rates and taxable wage limits will also be shown on the following preprinted forms EDD will send to you:

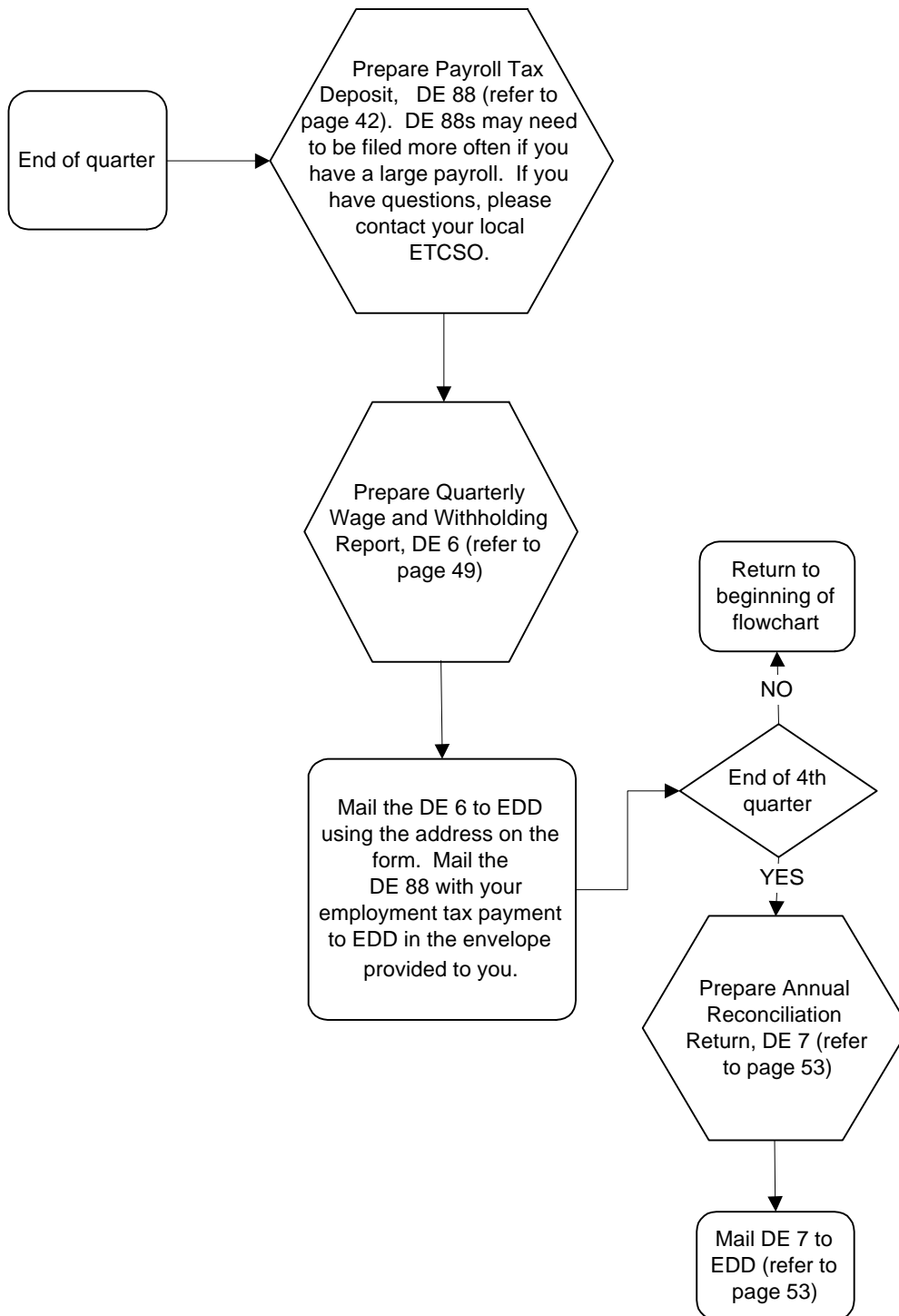
1. Payroll Tax Deposit (DE 88) coupon book; and
2. Annual Reconciliation Return (DE 7)

Any item on the DE 2088 can be protested except the SDI and ETT tax rates which are specifically set by law. The protest must be filed in writing within 60 days of the mail date shown on the notice, unless an extension is requested and approved for good cause. When filing your protest, you must include your employer account number, the specific item being protested, and why you are protesting the tax rate. Please mail your protest to:

Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001

If you need additional information, please call (916) 322-0507.

WHEN TO PREPARE QUARTERLY TAXPAYER EMPLOYMENT TAX REPORTS (FLOWCHART)



QUARTERLY TAXPAYER

HOW TO PREPARE PAYROLL TAX DEPOSITS (DE 88)

Payroll Tax Deposit (DE 88) Coupon Booklets (Rev. 14, 1-98) will be mailed to employers by March 1998. Please destroy all DE 88s printed prior to Revision 14, 1-98. Newly registered employers will be mailed a DE 88 coupon booklet containing preprinted forms.

In 1998, employers will receive coupon booklets with 6, 14, 18, or 24 coupons based on the employer's tax deposit history. Booklets with 6 or 14 coupons will have the employer's UI tax rate printed on the coupon beginning with the first booklet received. The EDD will provide preprinted envelopes with the booklets. Booklets with 18 or 24 coupons will have the employer's UI tax rate printed on the coupon beginning with the first reorder after January 1, 1998. The EDD will provide one preprinted envelope with the booklets and mail additional envelopes to employers separately.

Reorder coupon booklets using the tear-out reorder postcard at the back of the 1998 booklets. The DE 88 booklet can also be ordered by contacting the Tax Status Unit at (916) 654-7041. The reorder postcard should be mailed to:

Employment Development Department
Status Unit, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001

Please allow six to eight weeks for delivery.

Please use a Payroll Tax Deposit coupon when making a payment. If your coupon booklet is lost or damaged or if you have any questions about completing the coupon, please call your nearest Employment Tax Customer Service Office listed on page 1. Not having a coupon is not good cause for filing your payroll tax payments late.

A completed sample form and instructions are on page 42.

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EDD		PAYROLL TAX DEPOSIT DE 88		(TYPE OR PRINT IN BLACK INK ONLY):	
Serving the People of California		1. PAYROLL DATE: MUST BE COMPLETED		2. PAYMENT TYPE: (MARK ONE BOX ONLY)	
STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT P O BOX 826276 SACRAMENTO CA 94230-6276		0 6 1 5 9 8 (Last PAYROLL DATE covered by deposit)		<input type="checkbox"/> NEXT <input type="checkbox"/> BANKING <input type="checkbox"/> DAY <input type="checkbox"/> SEMI- <input type="checkbox"/> WEEKLY <input checked="" type="checkbox"/> MONTHLY <input type="checkbox"/> QUARTERLY	
JANE BROWN CALIFORNIA BUSINESS		3. PAYMENT QUARTER		4. PAYMENT AMOUNTS:	
This is your Account Number; Please enter on your check		1 2 3 4 5 6 7 8		1998 Rate Tax A) UI 7 1 5 2 B) ETT 2 1 0 C) SDI 1 0 5 1 D) California PIT 1 4 6 7 7 E) Penalty F) Interest G) TOTAL PAID \$ 2 3 0 9 0	
EMPLOYMENT DEVELOPMENT DEPT.		9 8 1		PAY THIS AMOUNT TOTAL LINES A THROUGH F. DO NOT FOLD OR STAPLE. Make check payable to EDD.	
PREPARER'S SIGNATURE <i>Jane Brown</i>		TELEPHONE NO. (123) 456-7890		DEPARTMENT USE ONLY	

INSTRUCTIONS FOR PAYROLL TAX DEPOSIT (DE 88)

- Payroll Date** 1) If you do not withhold Personal Income Tax from your employee's wages, enter the last day of the quarter; 2) If you withhold PIT from your employee's wages, enter the last day of the month you accumulated more than \$350 in California PIT during one or more months in the quarter.
- Payment Type** Most household employers will check the "Quarterly" box.
- Payment Quarter** Enter the year and quarter that the payment should be applied to, for example, entering "98" in the first two boxes and "1" in the last box indicates that the payment is for the first quarter of 1998.
- Account Number** Your account number is preprinted on the Form DE 88 coupon. Verify the correctness of the number.
- Business Name** Your business name is preprinted on the Payroll Tax Deposit coupon. Verify the correctness of your business name. Please use the Address Correction form in the back of the coupon booklet if you need to correct your business name.
- Payment Amounts**
- Box A: Multiply the UI taxable wages by your UI rate and enter the result in Box A.
- Box B: Multiply the UI taxable wages by the ETT rate and enter the result in Box B.
- Box C: Multiply the SDI taxable wages by the SDI rate and enter the result in Box C.

HOUSEHOLD EMPLOYER'S GUIDE

Box D: If you withhold California PIT from your employee's wages, enter the total PIT withheld during the quarter in Box D. Please refer to your payroll records for this information.

If your payment is timely, penalty and interest are not due. Please go to "Total Paid" Box.

Penalty Box E: Call your local Employment Tax Customer Service Office (ETCSO) for assistance in calculating penalties. A list of the ETCSO telephone numbers is located on page 1.

Interest Box F: Call your local ETCSO for assistance in calculating interest. A list of the ETCSO telephone numbers is located on page 1.

Total Paid Box G: Add Boxes A, B, C, D, E, and F. This is the total amount due. Enter this amount in Box G.

**Preparer/
Telephone** Sign your name and enter your telephone number in the spaces provided.

QUARTERLY TAXPAYER**HOW TO CALCULATE TAXABLE WAGES**

The UI and ETT tax is calculated on the first \$7,000 of each employee's wages. The SDI tax is calculated on the first \$31,767 of each employee's wages.

Example: An employer has two employees. In the first quarter, Employee #1 is paid \$8,000 and Employee #2 is paid \$5,000.

First Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 7,000.00	\$ 8,000.00
Employee #2	<u>5,000.00</u>	<u>5,000.00</u>
Total Taxable Wages	\$12,000.00	\$13,000.00

In the second quarter, Employee #1 is paid \$25,000 and Employee #2 is paid \$1,000. Employee #1 has reached the \$7,000 wage limit for UI and ETT taxes.

Second Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$0.00	\$23,767.00
Employee #2	<u>1,000.00</u>	<u>1,000.00</u>
Total Taxable Wages	\$1,000.00	\$24,767.00

In the third quarter, Employee #1 is paid \$5,000 and Employee #2 is paid \$8,000. Employee #1 has reached the \$31,767 wage limit for SDI.

Third Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 0.00	\$ 0.00
Employee #2	<u>1,000.00</u>	<u>8,000.00</u>
Total Taxable Wages	\$1,000.00	\$8,000.00

In the fourth quarter, Employee #1 is paid \$10,000 and Employee #2 is paid \$15,000. Employee #2 has reached the \$7,000 wage limit for UI and ETT taxes.

Fourth Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$0.00	\$ 0.00
Employee #2	<u>\$0.00</u>	<u>15,000.00</u>
Total Taxable Wages	\$0.00	\$15,000.00

QUARTERLY TAXPAYER**HOW TO COMPUTE STATE DISABILITY INSURANCE (SDI) WITHHOLDING**

If you pay cash wages of \$750 or more in one quarter, then you must withhold SDI taxes from the wages paid to your household workers. For 1998, you need to withhold 0.5 percent of the first \$31,767 of each employee's wages and send this amount to EDD. If you choose not to withhold SDI from your employees' wages, you are still responsible for sending SDI payments to EDD.

A Payroll Tax Deposit (DE 88) coupon must be sent to EDD each quarter along with any SDI tax payment due. The envelope must be postmarked by April 30, 1998, July 31, 1998, November 2, 1998, and February 1, 1999.

Example: The total SDI taxable wages for the pay period are \$13,000.00.

The SDI tax rate is 0.5 percent (.005). Please use this rate when calculating your 1998 SDI tax.

Calculation:

Total Quarterly SDI Taxable Wage	\$13,000.00
x SDI Tax Rate	x .005
Total Quarterly SDI Payment Due	\$ 65.00 (Enter this amount in Box 4C)

NOTE:

1. The SDI withholding should be made on all cash and non-cash payments, like meals and lodging. The Values of Meals and Lodging Table can be found on page 13.
2. If after paying \$750 (cash wages) in a quarter in 1997, you began to pay your employee(s) less than \$750 in a quarter, you must still continue to send SDI tax payments through December 1998.
3. If after paying \$750 (cash wages) in a quarter in 1998, you begin to pay your employee(s) less than \$750 in a quarter, you must still continue to send SDI tax payments through December 1999.

QUARTERLY TAXPAYER**HOW TO COMPUTE UNEMPLOYMENT INSURANCE (UI) TAXES AND EMPLOYMENT TRAINING TAX (ETT)**

If you pay cash wages of \$1,000 or more in one quarter to household workers, in addition to State Disability Insurance withholding, you must pay Unemployment Insurance (UI) tax and Employment Training Tax (ETT) at the following rates:

- The UI tax is paid at the rate assigned to you on the first \$7,000 of wages paid to each employee in 1998. Your UI tax rate will be given to you when you register with EDD. The UI tax rate for new employers is 3.4 percent. Your tax rate is updated once each year.
- The ETT is paid at 0.1 percent on the first \$7,000 of wages paid to each employee in 1998.

The UI tax and ETT amounts are paid by you, the employer, and not withheld from your employees' wages.

Your payroll taxes and a Payroll Tax Deposit (DE 88) coupon must be sent to EDD each quarter, postmarked by April 30, 1998, July 31, 1998, November 2, 1998, and February 1, 1999.

Example: The total UI taxable wages for the quarter are \$12,000.00.
The UI rate for this example is 3.4 percent (.034). Your UI tax rate is shown on your preprinted DE 88 coupon.

Total Quarterly UI Taxable Wages	\$12,000.00
x <u>UI Tax Rate</u>	x <u>.034</u>
Total Quarterly UI Taxes Due	\$ 408.00 (Enter in Box 3A)

Example: The total ETT taxable wages for the quarter are \$12,000.00.

The ETT rate is 0.1 percent (.001). Please use this rate to compute your 1988 ETT.

Calculation:

Total Quarterly ETT Taxable Wages	\$12,000.00
x <u>ETT Rate</u>	x <u>.001</u>
Total Quarterly ETT Payment Due	\$ 12.00 (Enter in Box 4B)

NOTE:

1. The SDI, UI, and ETT must be paid on all cash and non-cash payments, like meals and lodging. The Values of Meals and Lodging Table can be found on page 13.
2. If after paying \$1,000 (cash wages) in a quarter in 1997, you began to pay your employees less than \$1,000 in a quarter, you must still continue to send SDI, UI, and ETT payments through December 1998.
3. If after paying \$1,000 (cash wages) in a quarter in 1998, you begin to pay your employees less than \$1,000 in a quarter, you must still continue to send SDI, UI, and ETT payments through December 1999.

QUARTERLY TAXPAYER

WHEN TO PREPARE THE QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6)

Before the end of each quarter, EDD will send quarterly taxpayers a Quarterly Wage and Withholding Report (Form DE 6) to report employee wages. Not having a form is not good cause for late filing of your quarterly wage and withholding reports. If your form is lost or damaged, or you have any questions about completing the DE 6, please call your nearest Employment Tax Customer Service Office listed on page 1.

A completed sample form and instructions can be found beginning on page 49.

QUARTERLY TAXPAYER

INSTRUCTIONS FOR QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6)

LINE ITEM INSTRUCTIONS

- A. For each of the three months in the quarter, enter the number of full-time and part-time employees who worked during or received pay subject to UI taxes for the payroll period that includes the 12th day of each month. Blank boxes will be identified as missing information. If you had no employees for that period, please write "0" in the box that applies to the month(s) that you had no employees.
- B. Check this box only if you have an approved Voluntary Disability Insurance Plan for your employees (most employers use the state disability plan and do not check this box).
- C. If you had no payroll during the quarter, mark this box and enter "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items M, N, and O.
- D. If you did not have employees during the quarter and will no longer be employing people to work in or around your home, mark this box and enter "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items M, N, and O.
- E. List the Social Security Number (SSN) of each employee. If an employee does not have an SSN, report their wages without the number. You must take immediate steps to obtain an SSN for your employee.
- F. Enter the full first name, middle initial (if any), and last name of each employee to whom you paid wages for household employment.
- G. Enter the total amount of cash and non-cash wages paid (including cents) to each employee during the calendar quarter. Please do not use commas, dollar signs, or periods.
- H. Enter the amount of all wages (including cents) paid during the period that are subject to Personal Income Tax (PIT), even if you do not withhold PIT. Generally, all wages paid to household employees are subject to PIT. You must enter Total Subject Wages (Item E) and PIT wages even if they are the same.
- I. If you and your employee(s) voluntarily agree to withhold PIT, enter the amount withheld (including cents) from each employee during the quarter.
- J. Enter the total of all employees' wages paid during the quarter for Item G.
- K. Enter the total of all employees' wages paid during the quarter that are subject to PIT for Item H.

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- L. Enter the total PIT withheld from all employee(s) in Item I.
- M. Enter the grand total of all (DE 6) pages used to report employees' wages paid during the quarter for Item J.
- N. Enter the grand total of all pages used to report employees' wages paid during the quarter that are subject to PIT for Item K.
- O. Enter the grand total of all pages used to report PIT withheld from all employee(s) in Item L.
- P. The person preparing this form or the person responsible for the information on this form must sign in the space provided at the bottom of the form. Include the person's title, telephone number, and the date the form is signed.

QUARTERLY TAXPAYER

WHEN TO PREPARE THE ANNUAL TAX RETURN (DE 7)

Quarterly taxpayers must file an Annual Reconciliation Return (DE 7), which will be sent to you at the end of the calendar year. For 1998, the form must be postmarked by February 1, 1999. If your form is lost or damaged, or if you have any questions about completing the Annual Reconciliation Return, please call your nearest Employment Tax Customer Service Office (see page 1). Not having a form is not good cause for late filing of your Annual Reconciliation Return.

A completed sample form and instructions can be found beginning on page 53.

HOUSEHOLD EMPLOYER'S GUIDE



ANNUAL RECONCILIATION STATEMENT



PLEASE TYPE THIS FORM—DO NOT ALTER PREPRINTED INFORMATION

00071297



YEAR ENDED December 31, 1998 DUE January 1, 1999 DELINQUENT IF NOT POSTMARKED OR RECEIVED BY January 31, 1999 YEAR 1998

EMPLOYER ACCOUNT NO.

123-4567-8

California Business
123 Main Street
Anytown, CA 12345-0001

DEPT. USE ONLY

DO NOT ALTER THIS AREA

P1 P2 C P U S A
: : : : : :
: : : : : :

EFFECTIVE DATE Mo. Day Yr.

FEIN 12-3456789

ADDITIONAL FEINS

CHECK BOX IF:

A. NO WAGES PAID THIS YEAR ☐

B. OUT OF BUSINESS / FINAL RETURN ☐

C. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR 25371 25

D. UNEMPLOYMENT INSURANCE (UI)

(Total Employee Wages up to \$ per employee per calendar year)

(D1) UI%

3.4

TIMES

(D2) UI TAXABLE WAGES

25371 25

=

(D3) UI CONTRIBUTIONS

862 62

E. EMPLOYMENT TRAINING TAX (ETT)

(E1) ETT%

0.1

TIMES

UI Taxable Wages (D2) =

(E2) ETT CONTRIBUTIONS

25 37

F. DISABILITY INSURANCE (DI)

(Total Employee Wages up to \$ per employee per calendar year)

(F1) DI%

0.5

TIMES

(F2) DI TAXABLE WAGES

25371 25

=

(F3) DI EMPLOYEE CONTRIBUTIONS WITHHELD

126 85

PIT WITHHELD PER FORMS W-2 AND/OR 1099 R

G. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD 3876 99

H. SUBTOTAL (Add Items D3, E2, F3 and G) 4891 83

I. LESS: CONTRIBUTIONS AND WITHHOLDINGS PAID FOR THE YEAR 4891 83
(DO NOT INCLUDE PENALTY AND INTEREST PAYMENTS)

J. TOTAL TAXES DUE OR OVERPAID (Item H minus Item I) 0

If amount due, prepare a Payroll Tax Deposit, DE 88, and mail to P.O. Box 826276, Sacramento, CA 94230-6276. Mailing payments with DE 7 delays payment processing and may result in an erroneous penalty and interest charges. **Mandatory EFT filers must remit all SDI/PIT deposits by EFT to avoid Non-Compliance Penalty.**

HELP US IMPROVE THE QUALITY OF OUR EMPLOYMENT TAX SERVICES. PLEASE RATE OUR CURRENT SERVICES BY ENTERING THE APPROPRIATE NUMBER IN THE BOX: 4 = EXCELLENT 3 = GOOD 2 = FAIR 1 = POOR 3

K. Be sure to sign this declaration: I declare that the information herein is true and correct to the best of my knowledge and belief.

Signature James Brown Title Owner Phone (123) 456-7890 Date 1-20-99
(Owner, Accountant, Preparer, etc.)

DE 7 Rev. 1 (12-97) SIGN AND MAIL TO: State of California / Employment Development Department / P.O. Box 826286 / Sacramento CA 94230-6286

QUARTERLY TAXPAYER

INSTRUCTIONS FOR ANNUAL RECONCILIATION RETURN (DE 7)

You must file this return even if you had no payroll. If you had no payroll, check the box for Item A and complete Item K.

Verify or enter your Federal Employer Identification Number (FEIN): The number should be the same as your federal account number. If the number is not correct, line it out and enter the correct number. If you have more than one FEIN relating to the state number, enter the additional FEINs in the spaces indicated.

ITEM A. No Wages Paid This Year - Check this box if you did not pay wages subject to UI/DI contributions during the calendar year.

ITEM B. Out of Business/Final Return - Check this box if you quit business and this is your final return.

ITEM C. Total Wages in Subject Employment - Enter the total of ALL wages subject to UI/SDI taxes paid during the calendar year (for additional information, refer to the California Employer's Guide, DE 44).

ITEM D. Unemployment Insurance (UI)

D1. UI Rate - NOTE: If you had a rate change which was not effective for the entire year, you will need to file a separate Annual Reconciliation Return for the period of time covered by each rate.

D2. UI Taxable Wages - Enter total UI taxable wages for the year. DO NOT INCLUDE EXEMPT WAGES (for additional information, refer to the California Employer's Guide, DE 44).

D3. Employer's UI taxes - Multiply D1 by the amount entered in D2 and enter this calculated amount in D3.

ITEM E. Employment Training Tax (ETT)

E1. ETT Rate

E2. Employment Training Tax - Multiply E1 by the amount entered in D2 and enter this calculated amount in E2.

ITEM F. State Disability Insurance (SDI)

F1. SDI Rate

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F2. SDI Taxable Wages - Enter total SDI taxable wages for the year. DO NOT INCLUDE EXEMPT WAGES (for additional information, refer to the California Employer's Guide, DE 44).

F3. Multiply F1 by the amount entered in F2 and enter this calculated amount in F3.

ITEM G. Personal Income Tax Withheld (PIT)

Enter total California Personal Income Tax withheld, as reported on Forms W-2, and/or 1099-R. CAUTION: TO AVOID A POTENTIAL ASSESSMENT, DO NOT ENTER TOTAL WAGES, FEDERAL WITHHOLDING, OR TOTAL PAYMENTS MADE FOR THE YEAR.

All magnetic media of 1099-R must be submitted to:

Franchise Tax Board
Attn: Magnetic Media Coordination, #599
P.O. Box 942840
Sacramento, CA 94240-6090

ITEM H. Subtotal - Add Items D3, E2, G and enter the total here.

ITEM I. Taxes and Withholdings paid for the year - Total of all payments of UI, ETT, SDI and PIT paid for this calendar year. NOTE: DO NOT include any payments made during the year for any prior years, or payments for penalty and interest.

ITEM J. Total Taxes Due or Overpaid - Item H minus Item I (this should be zero if all payments have been properly paid). If an amount is due, prepare a Payroll Tax Deposit (DE 88) designating fourth quarter, and mail with a check or money order.

ITEM K. Signature of preparer or responsible individual, including title, telephone number, and date.

HELP US IMPROVE: Please rate the quality of our Employment Tax Services on a scale of 1 - 4 and enter the number in the box provided. Attach any comments on a separate sheet of paper.

QUARTERLY TAXPAYER

1998 FILING AND DELINQUENCY DATES FOR QUARTERLY TAXPAYERS

Form	Filing Dates	Delinquent If Not Postmarked By
Quarterly Wage and Withholding Report (DE 6) and Payroll Tax Deposit (DE 88)	Due April 1, 1998 for January, February, March Due July 1, 1998 for April, May, June Due October 1, 1998 for July, August, September Due January 1, 1999 for October, November, December	April 30, 1998 July 31, 1998 November 2, 1998 February 1, 1999
Annual Reconciliation Return (DE 7)	Due January 31, 1999 for tax year 1998	February 1, 1999

If you cannot pay all or part of your taxes on time, you must still file the Payroll Tax Deposit (DE 88). Penalty and interest will be charged on late payroll tax payments.

NOTE:

When your Quarterly Wage and Withholding Report (DE 6), Payroll Tax Deposit (DE 88), or Annual Reconciliation Return (DE 7) is mailed to EDD, the postmark date is used to determine if your report is timely. When the last timely filing date falls on a Saturday, Sunday, or a holiday, the next business day is the last timely date.

The EDD will send you a notice for any quarter that a Quarterly Wage and Withholding Report is not received. For any quarter that you don't have wages to report, check the "No Payroll" box on the front of the DE 6 and send the form to EDD. If you have any questions, please call your nearest Employment Tax Customer Service Office listed on page 1.

WITHHOLDING CALIFORNIA PERSONAL INCOME TAX (PIT)

If your employee wishes to have PIT withheld from his/her wages **AND** you agree to withhold the amounts, then you also need to report and pay the withholding to EDD. The PIT withholding may include the cash value of meals and lodging. When the value of meals and lodging is considered payment to your employees, the amounts must be added to the cash wages paid to your workers before computing the amount of PIT to withhold. Please see meals and lodging value tables on page 13 to determine the cash value of these items. If you give meals and lodging to your employee(s) because it is convenient for you, then you should not withhold PIT for the value of the meals and lodging.

EXAMPLE: A governess who eats and lives in your home so she can take care of your children, would not have PIT withheld for the value of the meals and lodging because the meals and lodging are furnished for your convenience.

To have PIT withheld, your employee must complete a Federal Employee's Withholding Allowance Certificate (W-4) and/or a California Employee's Withholding Allowance Certificate (DE 4). Please send PIT withholdings to EDD with your other payroll taxes. The PIT withholding tables are in the California Employer's Guide (DE 44). You can order a DE 44 by calling or visiting your local Employment Tax Customer Service Office (see page 1).

NOTE: Employers must include the value of meals and lodging in tax payments for SDI, UI, and ETT.

YOUR UNEMPLOYMENT INSURANCE (UI) RESERVE ACCOUNT

When you register as a household employer who has paid \$1,000 or more in cash wages during a calendar quarter, you will receive an eight-digit UI reserve account number (for example: 000-0000-0). The payments you send to EDD for UI taxes are credited to your reserve account. The reserve account is a record of the UI taxes you have paid and the UI benefits that EDD has paid to people who no longer work for you, or who qualified for reduced UI benefits when working less than full-time for you. Your reserve account is a “paper” account for record keeping purposes and has no cash value.

Each year by December 31, EDD will send you a Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088). This form will show you the SDI, UI, and ETT tax rates and taxable wage limits for the following year. The SDI, UI, and ETT tax rates and taxable wage limits may change each year.

UNEMPLOYMENT INSURANCE (UI) NOTICES

The last employer will receive a Notice of Claim Filed (DE 1101CZ or DE 1101ER) when a claimant (your former employee) applies for UI benefits. If you receive one of these notices, it asks why the claimant is no longer working for you. If you have any information regarding why the claimant should not receive UI benefits, please complete the form and send it to EDD right away. If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the notice explaining why. You have 10 days from the date the notice was mailed to you to return the notice to EDD. Your response is used to decide if the claimant is eligible to receive UI benefits. If you respond to the notice within 10 days of the date it was mailed to you, EDD will send you a Notice of Determination and/or Ruling. A ruling tells you if you are responsible for the claimant's benefits. The Notice of Claim Filed (DE 1101CZ or DE 1101ER) has instructions that tell you how to complete the form.

If EDD finds that a claimant is eligible to receive UI benefits, Notice(s) of Wages Used for UI Claim (DE 1545) is mailed after the first benefit check is mailed to the claimant. When you receive one of these notices, it means that your UI reserve account could be charged for UI benefits paid to the claimant. If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the notice explaining why. You must complete the form and return it to EDD by the date shown on the notice. If you have already responded to a DE 1101CZ or DE 1101ER for the same employee and separation date, you do not need to complete this form. The DE 1545 has instructions that tell you how to complete the form.

UNEMPLOYMENT INSURANCE NOTICES OF DETERMINATION, RULING, OR MODIFICATION

An employer can receive one of four notices in reply to reported eligibility issues:

- Notice of Determination (DE 1080 CT) — Sent to an employer who responds timely with eligibility information other than a voluntary quit or discharge.

NOTE: A determination for reasons other than a separation issue of eligibility does not relieve benefit charges to your reserve account.

- Notice of Determination/Ruling (DE 1080 CT) — Sent to an employer who responds timely with eligibility information regarding a voluntary quit or discharge. The ruling portion of this notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
- Notice of Ruling (DE 1080 CT) — Sent to an employer who responds timely to a Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545) with separation information. The separation must have occurred during the base period of the claim. This notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
- Notice of Modification (DE 1080 M) — Sent to the employer who previously received a DE 1080 CT. The purpose of this form is to inform the employer that the claimant's disqualification period is over.

STATEMENT OF CHARGES TO RESERVE ACCOUNT

A Statement of Charges to Reserve Account DE 428T is mailed in October each year to all tax rated employers that have benefit charges for a one-year period beginning July 1 and ending June 30. This form is a list of charges to your reserve account for UI benefits paid to claimants, for which you were a base period employer. You are a base period employer if you paid wages to the claimant during the 12-month period used to establish the UI claim.

You may protest any charges on the DE 428T you think are in error. Your protest must be in writing and received by EDD within 60 days from the mail date on the statement of charges. A 60-day extension may be granted if you can show good cause for the request. Instructions are included to tell you how to file a protest.

UNEMPLOYMENT INSURANCE APPEAL RIGHTS

You have the right to file an appeal if you do not agree with a decision made by EDD about:

1. Your former employee's right to receive UI benefits; or
2. Your UI reserve account being charged for UI benefits paid to a person who no longer works for you.

You must send your appeal to EDD within 20 days of the date the decision was mailed to you. If you have any questions about filing an appeal, please call the EDD UI office listed in the white pages of your local telephone directory. A hearing will be scheduled with an Administrative Law Judge (ALJ). Both you and your former employee will be notified of the time and place of the hearing at least 10 days in advance (if you are filing an appeal to a Notice of Ruling only, the employee is not considered a party to the proceeding and is not notified of the hearing). The ALJ will conduct an informal hearing, giving both sides the opportunity to present their evidence.

If you do not agree with the ALJ's decision, you may appeal to the California Unemployment Insurance Appeals Board (CUIAB). The CUIAB and its Administrative Law Judges are not part of EDD.

STATE DISABILITY INSURANCE (SDI) NOTICE

When a person is no longer able to work at their normal job because of a non job-related illness or injury, they can apply for SDI benefits. If you are the claimant's most recent employer, EDD will send you a Notice of State Disability Claim Filed (Form DE 2503). If you have any information about why the claimant should not receive SDI benefits, please send it to EDD right away. Your response is used to decide if the claimant is eligible to receive SDI benefits. If you do not respond to the notice, EDD will pay benefits to the claimant based on the information available. Failing to provide pertinent information may result in incorrect decisions. If you need help to complete the Notice of State Disability Claim Filed (Form DE 2503), call the office shown on the notice. There is no charge to your Unemployment Insurance (UI) reserve account when an employee receives SDI benefits.

OTHER AGENCIES YOU SHOULD CONTACT

For assistance with:

1. **Federal tax requirements**, please call the Internal Revenue Service office listed in your local telephone book under U.S. Government Offices, Federal Tax Information and Assistance.
2. **Workers' compensation requirements**, please call the Department of Industrial Relations, Workers' Compensation Division, listed under State of California in your local telephone book.

DEFINITIONS OF COMMON WORDS USED BY EDD

Annual Taxpayer - Pays \$20,000 or less in wages to their employees in a calendar year and has elected to be an Annual Taxpayer. Sends wage reports to EDD quarterly. Sends 1998 payroll taxes with an annual tax report to EDD in January 1999.

Cash Wages - Checks and currency paid to people who work for you.

Claimant - (1) a person who no longer works for you or who works part-time for you and has applied for Unemployment Insurance (UI) benefits; or (2) a person who has worked for you or is on your payroll now and has applied for State Disability Insurance (SDI) benefits.

Contributions - Employment tax payments for State Disability Insurance (SDI), Unemployment Insurance (UI), and Employment Training Tax (ETT).

Domestic Employee (also known as household employee) - A person hired to work for wages in or around your home.

Domestic Employer (also known as household employer) - A person who hires one or more people to work for wages in or around his or her home.

Domestic Services (also known as household services) - Work done for wages by your household employee(s).

Employment Training Tax - A payroll tax used to fund job training for people likely to become unemployed or people who have been receiving UI benefits.

Forms - Employers use the following forms to report payroll taxes and employee wages:

1. Annual Payroll Tax Return for Employer of Household Workers (DE 3HW)
2. Annual Reconciliation Return (DE 7)
3. Employer of Household Workers Election Notice (DE 89)
4. Payroll Tax Deposit (DE 88)
5. Quarterly Wage and Withholding Report (DE 6)
6. Registration Form for Employers of Household Workers (DE 1HW)
7. Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3B HW)

HOUSEHOLD EMPLOYER'S GUIDE

Home - A home may be defined as:

- a house
- an apartment
- a mobile home or a boat
- a summer or winter home
- a condominium
- a local college club
- a local chapter of a college fraternity or sorority
- a hotel room (when the worker is employed by you and not by the hotel)

Household Employee (also known as domestic employee) - A person hired to work for wages in or around your home.

Household Employer (also known as domestic employer) - A person who hires one or more people to work for wages in or around his or her home.

Household Services (also known as domestic services) - Work done for wages by your household employee(s).

Non-cash Wages - Payments other than cash, for example, meals and lodging you provide to your employee(s).

Payroll Records - Information you keep regarding wages paid to each household employee.

Payroll Taxes - State Disability Insurance (SDI) withholding, Unemployment Insurance (UI) Contributions, Employment Training Tax (ETT), and Personal Income Tax (PIT) withholding.

Personal Income Tax Wages - All wages paid during the period that are taxable for Personal Income Tax (PIT) even if they are not subject to PIT withholding. Personal Income Tax wages consist of all compensation for services by an employee for his or her employer, and include, but are not limited to: salaries, fees, bonuses, commissions, and payments in forms other than cash or checks. Wages in any form other than cash or checks are measured by the fair market value of the goods, lodging, meals, or other compensation given in payment for the employee's services.

Personal Income Tax Withholding - A payroll tax that can be withheld from your household employee's wages.

HOUSEHOLD EMPLOYER'S GUIDE

Quarter - A three month period in a year, see table below:

<u>QUARTER</u>	<u>MONTHS IN A QUARTER</u>
1st quarter	January, February, March
2nd quarter	April, May, June
3rd quarter	July, August, September
4th quarter	October, November, December

Quarterly Taxpayer - Sends payroll taxes and wage reports to EDD each quarter. Sends final 1998 payroll tax report to EDD in January 1999.

Reserve Account - A record of the unemployment insurance taxes paid by you and the unemployment insurance benefits paid by EDD to people who no longer work for you.

State Disability Insurance Tax - A payroll tax withheld from your household employees' wages to provide benefit payments in case they are not able to work because of a non-job related illness or injury. For 1998 the SDI tax rate is 0.5 percent.

Taxable Wage Limit - The highest amount of wages that you pay taxes on for each employee. The taxable wage limits for 1998 are \$31,767 for SDI and \$7,000 for UI and ETT.

Unemployment Insurance Tax Rate - The percentage that you must pay on the first \$7,000 of wages paid to each employee for 1998. The UI tax rate for new employers is 3.4 percent for the first three years. In following years, your tax rate will change depending on: (1) your average payroll for the previous three years, (2) how much you paid in unemployment insurance contributions, and (3) how much money has been paid and charged to your UI reserve account for unemployment insurance benefits for people who no longer work for you.

Wages - (1) checks and currency paid to people who work for you, and (2) non-cash payments, like meals and lodging provided to people who work for you.

Withholding - Money deducted from your employees' wages for State Disability Insurance and Personal Income Tax. You must send SDI and PIT withholdings to EDD.



**Pete Wilson
Governor
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**Sandra R. Smoley, R.N.
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HEALTH AND WELFARE AGENCY**

**Ray Remy
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Serving the People of California

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OFFICIAL BUSINESS